

(j) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF PERSONNEL, PUBLIC GRIEVANCES AND PENSIONS AND MINISTER OF STATE IN THE MINISTRY OF FINANCE (BANKING, REVENUE AND INSURANCE) (SHRI KADAMBUR M.R. JANARTHANAN): (a) to (j) The Kar Vivad Samadhan Scheme, 1998, as announced as a part of the 1998-99 Budget Proposal and incorporated in Chapter-V of the Finance (No. 2) Act, 1998 was duly launched and made operative from 1.9.1998. The basic objectives behind the Scheme as explained in the Finance Minister's Budget Speech were to bring down the pending litigation/disputes between the Department and the assessee both on the direct tax and indirect taxes side, declog the appellate and judicial system as well as to speedily realise the arrears of taxes locked up in various disputes.

The Scheme provided that the designated authority would determine the sum payable for settlement of tax arrear payable under the Scheme within 60 days of the filing of a declaration as prescribed under the Scheme. The declarant is required to make payment within 30 days thereafter. The exercise of determining the tax payable in all applications filed upto the permissible limit of 31.1.1999 is not yet complete. Hence, it is not possible to indicate the total proceeds realised under the Scheme. The Scheme being voluntary in nature, it was not possible to make any assessment about the likely realisation from the cases covered by the Scheme and hence no target was fixed in respect of the likely tax disputes to be settled or the amount of tax arrears to be realised under the Scheme. However, on the basis of information available, the estimated revenue likely to be collected upto 31.3.1999 from the declarations filed under the scheme upto 31.1.1999 are Rs. 950 crores for Direct Taxes and Rs. 850 crores for Indirect Taxes.

Initially the Scheme envisaged 31.12.1998 to be the last date for making declarations under the Scheme. However, a large number of representations were received by the Government to extend the scheme in view of quite a few clarifications issued towards the end of the scheme including the one communicating the acceptance of Delhi High Court judgement to extend the scheme to cover Departmental appeals. The Government, therefore, promulgated an Ordinance on 31.12.1998 to extend the scheme by one month i.e., upto 31.1.1999. Simultaneously, to ensure that the tax arrears determined as payable in respect of declarations filed during January, 1999, are realised by 31.3.1999, the Government amended the Scheme to provide that the designated authorities shall determine the sum payable within 30 days of the receipt of declarations filed on or after 1.1.1999.

The Scheme having closed as on 31.1.1999, the question of giving further concessions to realise more tax under the Scheme does not arise.

Share of the States in the net proceeds of Kar Vivad Samadhan Scheme will be disbursed in accordance with the devolution formula recommended by the Tenth Finance Commission and accepted by the Government.

[Translation]

#### Trade Deficit

\*66. SHRI MOTILAL VORA:  
SHRI U.V. KRISHNAMRAJU:

Will the Minister of COMMERCE be pleased to state:

(a) whether attention of the Government has been drawn to the news-item captioned "Sarkar Badhte Vypar Ghate Ko Jhelne Ke liye Taiyar" appearing in the 'Rashtriya Sahara' dated January 5, 1999;

(b) if so, whether the trade deficit is widening continuously during 1998-99;

(c) if so, the details thereof alongwith the reasons therefor; and

(d) the steps being taken by the Government to curb the increasing trend to trade deficit and to save the Indian Economy?

THE MINISTER OF COMMERCE (SHRI RAMAKRISHNA HEGDE): (a) Yes, Sir.

(b) and (c) As per the DGCI&S provisional data, the Trade Deficit for the period April-December, 1998-99 was US\$ 7296 million which is higher than the deficit at US\$ 4478.3 million during April-December, 1997-98. In rupee terms the deficit was estimated at Rs. 30597 crores. The reason for the increase in trade deficit is a deceleration in growth of exports coupled with a high growth of imports especially gold. The deceleration of exports is mainly due to South East Asian crisis and world wide recession.

(d) Policy review is a continuous process and the Government has taken a number of policy initiatives to boost the economy. As far as export promotion is concerned, the external trade sector of India has been further liberalised with the changes introduced in the new Exim Policy. The rate of interest on export credit has been reduced from 11% to 9%. The existing export incentive schemes have been strengthened. Procedures are constantly being simplified and sector specific issues are being addressed to deal with specific sectoral inadequacies so that a higher growth can be achieved in these sectors. The threshold limit under the export promotion capital goods scheme has been reduced to

Rs. 1 crore for some sectors. In addition, necessary impetus has been provided in the Exim Policy for the development of the tourism sector. Through these efforts, the Government is trying to boost exports so that the trade deficit can be curtailed.

#### **Decline in Profit of Public Units**

\*67. SHRI ARVIND KAMBLE:  
SHRIMATI SHEELA GAUTAM:

Will the Minister of INDUSTRY be pleased to state:

(a) whether there has been substantial decrease in the profits of many public sector units during the current financial year;

(b) if so, the details thereof;

(c) the reasons for decline; and

(d) the steps being taken to remedy the situation?

THE MINISTER OF INDUSTRY (SHRI SIKANDER BAKHT): (a) During 1997-98, out of 236 Public Sector

Undertakings (PSUs), 134 earned profits. While the overall performance of Public Sector Undertakings has shown improvement, significant number of undertakings continue to incur losses.

(b) The details of PSUs which have shown deterioration in profitability either through reduction of profits or increase in losses substantially in 1997-98 is given in the statement enclosed.

(c) The reasons attributable to decrease in profits are enterprise specific. However, some of the common reasons are excess manpower, increases in inputs cost, old and obsolete plant and machinery, out-dated technology, low capacity utilisation, lack of orders, lower realisation due to decline in demand, lower prices in international markets, etc.

(d) Performance improvement in CPSUs is a continuous process and enterprise specific. However, some of the measures taken are technology upgradation, diversification and change in product mix, modernisation of plants, inventory and cost control, forming of joint ventures and rationalisation of manpower including providing training for acquiring new skills.

#### **Statement**

*List of Undertakings showing substantial decline in Profit/increase in losses in 1997-98 over 1996-97*

(Rs. in crores)

S.No.	Name of the Enterprises	1997-98	1996-97	Difference
1	2	3	4	5
1.	Steel Authority of India Ltd.	132.99	515.17	-382.18
2.	Indian Petro-Chemicals Corpn. Ltd.	243.69	510.20	-266.51
3.	Eastern Coalfields Ltd.	-541.89	-341.15	-200.74
4.	Fertilizer Corpn. of India Ltd.	-724.93	-538.02	-186.91
5.	Indian Iron & Steel Co. Ltd.	-395.15	-213.03	-182.12